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COMMISSION

2011 SEP 23 PM 12:00

September 22, 2011 OFFICE OF GENERAL
COUNSEL

Christopher Hughey
Acting General Counsel
Federal Election Commission
999 E Street, NW
Washington, DC 20463

MUR# 6500

Re: Complaint Against Clark Durant and Cornerstone Schools Association, et al.

Dear Mr. Hughey:

This complaint is against Clark Durant, The American Way – Durant 2012, the principal campaign committee for Clark Durant, a candidate for the United States Senate in Michigan (the "Committee" or "Campaign"), Walter P. Czarnecki, in his official capacity as Treasurer of the Committee, the New Common School Foundation ("NCSF"), and Cornerstone Schools Association ("Cornerstone") (collectively referred to as "Respondents") for multiple apparent violations of the Federal Election Campaign Act of 1971, as amended (the "Act"), and Federal Election Commission ("Commission") Regulations, as well as Section 501(c)(3) of the Internal Revenue Code, regarding permissible activities of a not-for-profit organization.

It appears that Clark Durant and the Committee have violated federal campaign finance laws that prohibit the use and acceptance of corporate contributions and resources in connection with his federal campaign. Durant and his campaign also continue to violate federal law that prohibits federal candidates from directly or indirectly controlling "soft money," corporate funds and resources. Specifically of concern is Durant's continued association with NCSF and Cornerstone, and those entities' active role in promoting and assisting his campaign for federal office with unregulated non-federal funds and corporate resources, and Durant's continuing control of such non-federal funds and corporate resources while a candidate for federal office. Specific apparent violations of federal law include Durant using Cornerstone attorneys for his campaign's legal work, Cornerstone running statewide advertisements to benefit Durant's candidacy for US Senate, and perhaps most troubling both legally and morally, is Durant's planned use of Cornerstone facilities for a campaign rally, including forcing Cornerstone students to attend a Durant campaign rally. This activity appears to violate multiple federal laws and regulations, and in the process endangers the tax exempt status of the whole Cornerstone endeavor.

The Commission has historically taken a strict view of the use of "soft money" or corporate resources in federal elections. See MUR 5026 (Respondent Gormley for Senate Primary Election Fund, et al., total civil penalty of \$115,000) and MUR 5573 (Respondent Westar Energy, Inc., et al., total civil penalty of \$40,500).

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The Parties

New Common School Foundation

Clark Durant is the President and Director of The New Common School Foundation. NCSF, which was formerly known as The Frederick Douglass Foundation, is a public charity based in Detroit, Michigan. NCSF is a nonprofit corporation organized under Section 501(c)(3) of the Internal Revenue Code and incorporated in Michigan. Attached as Exhibit A are NCSF's Articles of Incorporation, filed in 1996, and Certificate of Amendment to the Articles of Incorporation for when it changed its name in 2001.

Cornerstone Schools Association

Clark Durant is the Founding Chair of Cornerstone Schools Association, also a public charity based in Detroit, Michigan. Like NCSF, Cornerstone is a nonprofit corporation organized under Section 501(c)(3) of the Internal Revenue Code and incorporated in Michigan. Attached as Exhibit B are Cornerstone's Articles of Incorporation, filed in 1991. Cornerstone's current President and Chief Executive Officer is Ms. Ernestine Sanders.

Clark Durant and The American Way – Durant 2012

Clark Durant is a current candidate for the United States Senate in Michigan. Durant filed his Statement of Candidacy with the Secretary of the Senate on August 18, 2011. The American Way – Durant 2012, Durant's principal campaign committee, filed its Statement of Organization with the Secretary of the Senate on August 31, 2011.

Relevant Facts

On August 22, 2011, after Clark Durant had announced his candidacy for the United States Senate, Crain's Detroit Business ran an article entitled "New Common School Foundation asks attorneys to ensure no conflict with Durant's presidency and run for U.S. Senate." The article states that "Still, to be safe, Durant said he and the foundation's board have asked its attorneys to check with the Federal Elections Commission and the U.S. Senate Ethics Committee to make sure there's no issue with him remaining president of the foundation as he campaigns for the U.S. Senate." Crain's Detroit Business article attached as Exhibit C.

On or about September 10, 2011 Cornerstone Schools was running television advertisements on the cable system serving Mackinac Island, Michigan. Mackinac Island is nowhere near the SE Michigan market that Cornerstone Schools serve and there is no legitimate reason why the organization would be running television advertisements in such a remote market except to build goodwill for Mr. Durant's campaign for U.S. Senate.

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On September 9, 2011, Ernestine Sanders, President and CEO of Cornerstone, sent a mass email out to Cornerstone's "Partners and Friends." The email came from Ms. Sanders' corporate email address, "Ernestine.Sanders@cornerstoneschools.org," and the subject line was "Special Announcement at Partner Morning September 23." The email stated:

On September 23rd, at 8:30 in the morning, we will have another one of these special opportunities. Our founder, Clark Durant, will be announcing during our partner morning that he will be running for the United States Senate. This is a wonderful opportunity for our children to learn about the United States Senate, what it takes to run for office and to see our Constitution at work. Further, it will be a great opportunity for our children and alumni, teachers and staff – many of whom know Mr. Durant – to see a man who has made a tremendous difference for so many of us embark on another journey. Our theme for September Partner Morning is Patriot Week and the importance of our Constitution, so this announcement will fit perfectly with that theme... If you wish to participate, I invite you to come, perhaps even with your own family, for our traditional September partner morning with an added piece of history. Please park, as you normally do, on the grass on the Helen side near the baseball field. We invite you to gather for coffee and refreshments outside on the Nevada entrance to the building.

A Copy of Ernestine Sanders' email is attached as Exhibit D.

It is unclear how many of these emails were sent out, and what individuals constitute "Partners and Friends." However, in light of Cornerstone's long history and contacts lists, it is likely the email was sent to hundreds of individuals throughout the general public.

Applicable Law

Corporate Contributions Prohibited

The Act strictly prohibits corporations from making contributions in connection with a federal election. 2 U.S.C. § 441b(a). It also makes it illegal for any candidate to knowingly accept or receive any contribution from a corporation, or for any officer or any director of a corporation to consent to any contribution by a corporation to a federal candidate. *Id.* Similarly, the Commission's Regulations prohibit corporations, and their officers, directors, and agents from using corporate resources to make or facilitate the making of contributions to federal candidates and political committees. 11 C.F.R. § 114.2(f)(1).

Contributions include any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value to any candidate or campaign committee in connection with a federal election. 2 U.S.C. § 441b(b)(2). Federal regulations also directly prohibit in-kind contributions from corporations to federal candidates. 11 C.F.R. § 114.2(c).

Directing and Use of Non-Federal Funds by Federal Candidates

Federal law also prohibits the solicitation and use of non-federal funds by federal candidates and federal officeholders, including agents acting on their behalf and entities that are directly or indirectly established, maintained, financed or controlled by one or more federal candidate or officeholder. 11 C.F.R. §§ 300.60 and 300.61. Under the Act and Commission Regulations, federal candidates and officeholders can only solicit, receive, direct, transfer, spend or disburse federal funds in connection with a federal election or for federal election activity. 11 C.F.R. § 300.61.

Corporation's Public Endorsement of Federal Candidate

A corporation may publicly announce an endorsement that has already been made, and it may state the reasons for it through a press release or a press conference, as long as the press release or notice of the press conference is distributed only to the organization's usual media contacts. 11 C.F.R. § 114.4(c)(6)(i).

The corporation or labor organization may communicate with candidates only for the purpose of deciding which, if any, candidate to endorse. For example, the corporation or labor organization may discuss issues with the candidate in determining whether or not to make an endorsement. The actual announcement may not be coordinated with the candidate, candidate's agents or the candidate's authorized committee. 11 C.F.R. § 114.4(c)(6)(ii). See also § 109.21.

Federal Candidate's Use of Corporate Facilities for Campaign Purposes

Any school, college or university (incorporated nonprofit tax exempt "private" school or unincorporated tax exempt "public" school) may make its facilities available to any federal candidate. The institution may make its facilities available at either the usual and normal cost for campaign events or at a discount or for free for academic events. However, if the institution makes its facilities available at a discount or for free, it must make reasonable efforts to ensure that the appearance does not constitute a campaign appearance or event. 11 C.F.R. § 114.4(c)(7)(ii).

501(c)(3) Organizations Prohibited from Participating in Political Campaigns

Federal law clearly bans a nonprofit 501(c)(3) organization from making any effort on behalf of any political candidate. 26 U.S.C. § 501(c)(3) and 11 C.F.R. § 114.2. Such organizations must not "participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office."

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Political campaign intervention includes any and all activities that favor or oppose one or more candidates for public office. The prohibition extends beyond candidate endorsements. Allowing a candidate to use an organization's assets or facilities will also violate the prohibition if other candidates are not given an equivalent opportunity. Although section 501(c)(3) organizations may engage in some activities to promote voter registration, encourage voter participation, and provide voter education, they will violate the prohibition on political campaign intervention if they engage in an activity that favors or opposes any candidate for public office.

Analysis

Durant's Use of NCSF's Corporate Resources

As established above in Crain's Detroit Business' August 22 article, "Durant said he and the foundation's board have asked its attorneys" whether he could remain President and Director of NCSF while campaigning for the U.S. Senate. NCSF's payment for those legal services, and Durant's acceptance of such services at the expense of the corporation constitute a prohibited corporate in-kind contribution from NCSF to Durant and his Committee. Likewise, because NCSF's Board, of which Durant is a member, explicitly directed its lawyers to research and analyze the legal issues associated with Durant's campaign activity, the Board and Durant are also responsible for facilitating the making of a prohibited corporate in-kind contribution to Durant and the Committee under Section 114.2(f)(1) of the Commission's Regulations.

I ask the Commission to investigate NCSF's apparent prohibited in-kind contributions to Durant and the Committee, and the role NCSF's Board of Directors played in facilitating such a contribution.

Durant's Directing of NCSF's Non-Federal Funds for his Campaign

The funds solicited to NCSF's general treasury come from various sources, including contributions from individuals, corporations, and other entities, all of which may contribute in unlimited amounts. As current President and a member of the Board of Directors of NCSF, Durant is in a position to direct these unregulated funds as he sees fit for the corporation. However, under Section 300.61 of the Commission's Regulations, as a declared federal candidate, Durant is not permitted to direct such non-federal unregulated funds in connection with his federal campaign. By directing NCSF to spend its funds on legal fees for his campaign's benefit, Durant is doing precisely what Section 300.61 prohibits.

I ask the Commission to investigate Durant's role in directing the non-federal corporate funds of NCSF for legal services for the clear benefit of his federal campaign.

Cornerstone's Email in Support of Durant's Candidacy Constitutes a Prohibited Communication of an Endorsement to the General Public.

Ernestine Sanders' email to Cornerstone's "Partners and Friends" is nothing short of an endorsement of Clark Durant's candidacy. As mentioned above, a corporation may announce an endorsement, but it may only do so through a press release or press conference, where notice of the release or conference is distributed only to the corporation's usual media contacts. 11 C.F.R. § 114.4(c)(6)(i). Furthermore, the actual announcement of an endorsement may not be coordinated with the federal candidate himself. 11 C.F.R. § 114.4(c)(6)(ii).

In this case, Sanders' email was to Cornerstone's "Partners and Friends," which undoubtedly consists of numerous individuals outside of Cornerstone's restricted class and employees. Moreover, the email announcement of its endorsement of Durant was in clear violation of the Commission's Regulations because it was not done through a proper press release or press conference, where notice was provided only to Cornerstone's usual media contacts. In addition, because Durant currently serves as Founding Chair of Cornerstone and sits as a member of its Board of Directors, it is difficult to fathom how Sanders' email announcement was not coordinated with Durant.

I ask the Commission to investigate Cornerstone's endorsement of Durant and his candidacy, and look into the way in which Cornerstone impermissibly communicated that endorsement to the general public through Sanders' email.

Cornerstone's Email Constitutes a Potential Prohibited In-Kind Contribution from Cornerstone to Durant and his Campaign.

As mentioned above, a contribution may consist of any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, in connection with a federal election. 2 U.S.C. § 441b(b)(2). In this case, Sanders' email constitutes a contribution in the form of the time and effort it took for her, or any other Cornerstone employees, to write the email, as well as the value of Cornerstone's email list. Sanders' email was sent to Cornerstone's corporate email list, a list that under the Commission's Regulations has value to a federal campaign, and for which the federal campaign must pay fair market value for its usage. See 11 C.F.R. § 114.2(f)(2)(i)(C). Yet there is no indication that Durant has paid or plans to pay for the value of these resources.

I ask that the Commission investigate Cornerstone's use of its email list and staff to purposely benefit Durant's campaign.

Durant's Use of Cornerstone's Facilities at No Cost Constitutes a Prospective Prohibited In-Kind Contribution from Cornerstone to the Campaign.

The Commission's Regulations make clear that an incorporated educational institution, such as Cornerstone, may make its facilities available to a federal candidate at either the usual and normal cost for campaign events or at a discount or for free for academic events. However, these institutions may not make its facilities available at a discount or for free if the candidate's appearance constitutes a campaign appearance or event. 11 C.F.R. § 114.4(c)(7)(ii). If the appearance is at all campaign-related, the candidate must pay the usual and normal charge, and any discount whatsoever would constitute a prohibited corporate in-kind contribution to the candidate.

There is no indication that Durant or the Committee has or plans to pay Cornerstone the usual and normal cost for the use of its facilities. Of course, this would be fine if Durant's appearance at Cornerstone was not at all related to his campaign. However, it is difficult to imagine him an event that is advertised in Sanders' email as, "Our founder, Clark Durant, will be announcing during our partner mornings that he will be running for the United States Senate," would not constitute a campaign appearance or event.

This is not to mention the fact that "Partner Mornings," according to Cornerstone's website, are essentially a mandatory event for Cornerstone's students, where they are expected to be in attendance to converse with the school's sponsoring partners (i.e. major donors). Therefore, not only is Cornerstone sponsoring and paying for a political event benefiting Durant and his campaign, and Durant is openly accepting their corporate contributions and resources, but the school is effectively requiring young school children to listen to Durant's political rhetoric that will unquestionably be a part of his campaign announcement.

I strongly urge the Commission to investigate whether Durant's potential receipt of a prohibited corporate in-kind contribution from Cornerstone through his campaign-related use of Cornerstone's facilities at no cost.

Durant's and the Campaign's Actions Violate Federal Law and Jeopardize NCSF's and Cornerstone's Nonprofit's Tax-Exempt Status

The foregoing facts strongly indicate that Cornerstone and NCSF, under Durant's supervision and direction, have deliberately participated and intervened in Durant's campaign for the U.S. Senate. At a minimum, both corporations have allowed an announced candidate for federal office to use their assets and facilities for campaign purposes. Although the Commission lacks jurisdiction in this area, it is important to note that both corporations appear to be willing to risk their tax-exempt status at the expense of assisting their preferred candidate's campaign for the U.S. Senate in Michigan.

Conclusion

It is imperative that the Commission promptly conduct an investigation into the serious and ongoing potential violations outlined herein. Due to the scope and seriousness of the potential violations, I also request that the Commission refer this matter to the U.S. Department of Justice pursuant to 2 U.S.C. 437g(d)(1)(B), and to the Internal Revenue Service Exempt Organizations division. The foregoing is correct and accurate to the best of my knowledge, information and belief.

Respectfully submitted,

Bill Beddoes

Bill Beddoes

Allen Park, MI 48101

Signed and sworn before me this 22 day of September, 2011

Rose Papp

NOTARY PUBLIC

ROSE PAPP
NOTARY PUBLIC STATE OF MI
COUNTY OF WAYNE
MY COMMISSION EXPIRES DEC. 25, 2017

cc: Lois Lerner, Esq.
Director of Exempt Organizations
Internal Revenue Service

The Honorable Barbara Boxer
Chairman
U.S. Senate Select Committee on Ethics

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Exhibit A

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COR 822 (409)

MICHIGAN DEPARTMENT OF COMMERCE - CORPORATION AND SECURITIES BUREAU		
Date Received DEC 11 1996		(FOR BUREAU USE ONLY)
		FILED DEC 11 1996
Name Jeffrey T. Nelson, Esq. LIPSON, NELSON, JACOBS & COLE, P.C.		Administrator IN DEPARTMENT OF CONSUMER & INDUSTRY SERVICES CORPORATION, SECURITIES & LAND DEVELOPMENT DIVISION
Address Suite 525 Somerset Plaza 2301 West Big Beaver Road		
City Troy,	State Michigan Zip 48064-3328	
		EFFECTIVE DATE:

DOCUMENT WILL BE RETURNED TO NAME AND ADDRESS INDICATED ABOVE

ARTICLES OF INCORPORATION
For use by Domestic Nonprofit Corporations
(Please read information and instructions on last page)

745-869

Pursuant to the provisions of Act 162, Public Acts of 1982, the undersigned corporation executes the following Articles:

ARTICLE I

The name of the corporation is: **The Frederick Douglass Foundation**

ARTICLE II

The purpose or purposes for which the corporation is organized are:

See Attached Addendum

ARTICLE III

The corporation is organized upon a **Nonstock** basis.
(Stock or Nonstock)

1. If organized on a stock basis, the total number of shares which the corporation has authority to issue is _____
If the shares are, or are to be, divided into classes, the designation of each class, the number of shares in each class, and the relative rights, preferences and limitations of the shares of each class are as follows:

22.50 a/c CK 39091

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2. a. If organized on a non-stock basis, the description and value of its real property assets are: (If none, insert "none") None

b. The description and value of its personal property assets are: (If none, insert "none") None

c. The corporation is financed under the following general plan: Through gifts, grants, and contributions of funds and real and personal property and income generated therefrom

d. The corporation is organized on a Directorship basis.
(Membership or Directorship)

1. The address of the registered office is:

300 Teton Centre Detroit MICHIGAN 48207

(Street Address) (City) (Zip Code)

2. The mailing address of the registered office if different than above:

MICHIGAN

(P.O. Box) (City) (Zip Code)

3. The name of the resident agent at the registered office is:

Todd Holmquist

[illegible]

Use space below for additional Articles or for continuation of previous Articles. Please identify any Article being continued or added. Attach additional pages if needed.

See attachments addendum for continuation of Article II and addition of Articles VI through VII.

I, (We), the Incorporator(s) sign my (our) name(s) this 24th day of November, 1993.

Clark Durant
Clark Durant

Robert A. Lutz
Robert A. Lutz

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**The Frederick Douglass Foundation,
a Michigan nonprofit corporation**

ADDENDUM TO ARTICLES OF INCORPORATION

ARTICLE II

Purposes.

Section 1. To explore how to enhance academic performance, to increase learning, to promote excellence in education and other education and other charitable works through the use of volunteers, one-to-one tutoring, and, where necessary, to develop monographs, articles, and plans to promote a transformation of teaching and learning and to enhance public education, to hold conferences where appropriate, and/or to provide direct grants or loans or to fund other organizations engaged in similar activities provided that such other organization is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provisions of any future United States Internal Revenue law).

Section 2. To explore effective systems for teaching and learning.

Section 3. To cooperate with other groups, foundations, individuals, public agencies, and other similar organizations having one or more of these and other objectives stated herein for purposes of efficiency and the avoidance of wasteful duplication of efforts and funds.

Section 4. To enter into, make, perform and carry out contracts for any lawful purpose consistent with the objects, purposes and powers of this Corporation as reasonably necessary in furtherance of such objects, purposes and powers.

Section 5. To receive from any source and hold money and property, both real and personal, by grant, gift, contribution, devise or bequest; to sell and convert property into cash; to use, expend, mortgage, sell, encumber and dispose of same in connection with, but not limited to, any of the objects, purposes and powers of this Corporation; to invest and contribute funds received and to use such funds and property and the income thereof and other property of this Corporation and the income thereof towards operating and other expenses in connection with, but limited to, the objects, purposes and powers of this Corporation; to purchase, hire or otherwise acquire, hold or sell, convey, lease, encumber and otherwise dispose of and deal with all kinds of property, real and personal, and to contract for services of employees, agents and others and pay them reasonable compensation.

Section 6. To perform all other acts permitted pursuant to MCLA 460. 2261.

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ARTICLE VI

Nature of the Corporation

The Corporation is organized exclusively for the purposes set forth in Section 501(c) (3) of the Internal Revenue Code of 1986, as amended. The Corporation shall be organized and operated in a manner so that it is eligible for exemption from taxation under Section 501(c)(3) of the Internal Revenue Code, as amended (or the corresponding provision of any future United States Internal Revenue law), so that requests to it will qualify under Section 505(a)(2) of the Internal Revenue Code of 1986 as amended (or the corresponding provision of any future United States Internal Revenue law) and so that contributions to it will be deductible under Section 170(c)(2) of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any future United States Internal Revenue law).

ARTICLE VII

Prohibited Activities

The Corporation will not carry on any activities not permitted to be carried on by an organization exempt under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

ARTICLE VIII

Private Individuals

No part of the donations to nor the net earnings of the Corporation shall inure to the benefit of or be distributable to its Directors, officers or other private persons, except the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth herein. No part of the activities of the Corporation shall be for carrying on of propaganda or otherwise attempting to influence legislation and the Corporation shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office, except as otherwise allowable by law. Notwithstanding any other provision of these Articles, The Frederick Douglass Foundation, a Michigan nonprofit corporation, shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code of 1986 as amended (or the corresponding provisions of any future United States Internal Revenue law), or (b) by a corporation, contributions to which are deductible under Section 170 (c) (2) of the Internal Revenue Code of 1986 as amended (or the corresponding provisions of any future United States Internal Revenue law).

Michigan Department of Consumer and Industry Services

Filing Endorsement

This is to Certify that the CERTIFICATE OF AMENDMENT - CORPORATION

for

THE NEW COMMON SCHOOL FOUNDATION

ID NUMBER: 745869

received by facsimile transmission on April 3, 2001 is hereby endorsed

Filed on April 3, 2001 by the Administrator.

The document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.



In testimony whereof, I have hereunto set my hand and affixed the Seal of the Department, in the City of Lansing, this 3rd day of April, 2001.

, Director

Bureau of Commercial Services

EAS 016, 0079

MICHIGAN DEPARTMENT OF CONSUMER & INDUSTRY SERVICES CORPORATION, SECURITIES AND LAND DEVELOPMENT BUREAU		
Date Received	(FOR BUREAU USE ONLY)	
This document is effective on the date that, or last, a subsequent effective date within 60 days after approval date is stated in the document.		
Name Andrew J. Goldberg, Esq. Lipson, Nelson, Jacobs & Cole, P.C.		
Address 2301 West Big Beaver Road, Suite 575		
City Troy	State MI	Zip Code 48064
		EFFECTIVE DATE

Document will be returned to the name and address you enter above.
If left blank document will be mailed to the registered office.

CERTIFICATE OF AMENDMENT TO THE ARTICLES OF INCORPORATION

For use by Domestic Profit and Non-Profit Corporations
(Please read information and instructions on the last page)

Pursuant to the provisions of Act 284, Public Acts of 1972 (profit corporations), or Act 162, Public Acts of 1992 (nonprofit corporations), the undersigned corporation executes the following Certificate:

1. The present name of the corporation is:	
The Frederick Douglass Foundation	
2. The identification number assigned by the Bureau is:	745-869
3. Article <u>I</u> of the Articles of Incorporation is hereby amended to read as follows:	
The name of the Corporation is The New Common School Foundation	
Article <u>IV</u> of the Articles of Incorporation is hereby amended to read as follows:	
1. The address of the registered office is 5881 East Nevada, Detroit, MI 48234	
2. The name of the resident agent at the registered office is W. Clark Durant III	

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6. (For a nonprofit corporation whose Articles state the corporation is organized on a directorship basis.)

The foregoing amendment to the Articles of Incorporation was duly adopted on the 23 day of March, 2001 by the directors of a nonprofit corporation whose articles of incorporation state it is organized on a directorship basis (check one of the following)

☐ at a meeting the necessary votes were cast in favor of the amendment.

☒ by written consent of all directors pursuant to Section 525 of the Act.

Signed this 23 day of March, 2001

By W. Clark Durant III

(Signature of President, Vice-President, Chairperson or Vice-Chairperson)

W. Clark Durant III

(Type or Print Name)

President

(Type or Print Title)

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Exhibit B

12044313811



CRAIN'S DETROIT BUSINESS

Detroit and Southeast Michigan's premier business news and information website

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Sherri Welch

The Business of Being Nonprofit

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Originally Published: August 22, 2011 5:25 PM Modified: August 25, 2011 12:44 PM

New Common School Foundation asks attorneys to ensure no conflict with Durant's presidency and run for U.S. Senate

The board of the Detroit-based New Common School Foundation has asked its attorneys to look into any conflict of interest between its founder and president Clark Durant's position at the foundation and his run for the U.S. senate.

Last week, Durant said he had filed the paperwork to enter the race and planned after Labor Day to begin his campaign to unseat Democratic U.S. Sen. Debbie Stabenow in 2012, taking on former U.S. Rep. Pete Hoekstra.

Presidential-hopeful Newt Gingrich, who was chairman of American Solutions, a political organization, reportedly dropped his presidential bid in 2008 because he would have had to step down from his position with the organization to comply with campaign finance laws.

American Solutions currently is organized as a 527, a political organization operated primarily for the purpose of influencing the selection, nomination or appointment of any individual to any federal, state or local public office or office in a political organization.

Gingrich, who is once again campaigning for the presidency in the 2012 race, earlier this year stepped down as chairman of American Solutions to comply with campaign finance laws around his involvement with the nonprofit.

American Solutions has since applied for status as a 501 (c)(4) nonprofit, www.politico.com reported in May, citing American Solutions officials as saying that the shift in status would give it more flexibility to engage on state and local issues and to receive contributions from charitable organizations.

Durant's New Common School Foundation isn't organized as a 527 organization like American Solutions, but rather as a 501 (c)(3) nonprofit.

Durant said his understanding from the foundation's attorneys is that he can continue to work for the foundation, separately from campaigning, as long as he has a defined role at the foundation that he founded and measurable performance goals.

"From what I've been told, the rules permit it, but I can't be campaigning and working at the same time," he said.

Still, to be safe, Durant said he and the foundation's board have asked its attorneys to check with the Federal Elections Commission and the U.S. Senate Ethics Committee to make sure there's no issue with him remaining president of the foundation as he campaigns for the U.S. Senate.

"I have to separate campaigning from work that I do," Durant said. "I'm in the process of getting the information on that."

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FILED

AUG 15 1991

ARTICLES OF INCORPORATION

DATE REC'D.

JUL 22 1991

CORNERSTONE SCHOOLS ASSOCIATION

Administrator
MICHIGAN DEPARTMENT OF COMMERCE
Corporation & Securities Bureau

725 409

These Articles of Incorporation are signed by the incorporators for the purpose of forming a nonprofit corporation pursuant to the provisions of Act 162, Public Acts of 1982, as amended (the "Act"), as follows:

ARTICLE I

The name of the corporation is Cornerstone Schools Association (the "Corporation").

ARTICLE II

1. The purpose for which the Corporation is organized is to operate and act exclusively for charitable, educational or scientific purposes, which includes, but is not limited to, the following:

a. Receiving and administering assets exclusively for charitable and educational purposes; and

b. Conducting any and all such activities and exercising any and all such powers as are necessary to the achievement of the foregoing and in furtherance of the purposes of the Corporation.

2. Notwithstanding any other provision of these Articles, the Corporation shall not carry on any activity not permitted to be carried on (a) by an organization which is described in Code Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws (the "Code"), and which is exempt from Federal income tax under Code Section 501(a) or (b) by an organization, contributions to which are deductible under Code Section 170(c)(2).

3. No substantial part of the activities of the Corporation shall be to carry on propaganda or otherwise attempt to influence legislation.

4. The Corporation shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of (or against) any candidate for public office.

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5. No substantial part of the activities of the Corporation shall consist of providing commercial-type insurances.

ARTICLE III

1. The Corporation is organized upon a nonstock basis.

2. The assets which the corporation possesses are:

Real Property - None

Personal Property - None

3. The Corporation is to be financed by gifts, grants and contributions and revenues from the provision of charitable, educational, cultural or scientific services.

4. The Corporation is organized on a directorship basis. The Corporation shall be governed by its Board of Trustees.

5. The Corporation may have members, as determined from time to time by its Board of Trustees. Members of the Corporation shall not be entitled to vote on corporate matters of the Corporation.

ARTICLE IV

1. The address and the mailing address of the initial registered office is:

150 West Jefferson Ave.
Suite 2500
Detroit, Michigan 48226

2. The name of the resident agent at the registered office is Richard A. Walawender, Esq.

ARTICLE V

The names and addresses of the incorporators are as follows:

<u>Name</u>	<u>Residence or Business Address</u>
Sr. Margaret Canty RSCJ	1250 Kensington Road P.O. Box 813 Bloomfield Hills, MI 48303
Rev. William Cunningham	1125 Oakman Blvd. Detroit, MI 48238
Roger DeKeyere	6861 E. Nevada Detroit, MI 48234

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W. Clark Durant III	2300 Penobscot Building Detroit, MI 48226
Rev. Eddie K. Edwards	12255 Camden Detroit, MI 48213
Paul Hubbard	One Kennedy Square, Ste. 1000 Detroit, MI 48213
Judith W. Robinson	5651 25th Street Detroit, MI 48208
Michael T. Timmis	20180 Mack Ave. Grosse Pointe Woods, MI 48236
Nancy E. Timmis	20180 Mack Ave. Grosse Pointe Woods, MI 48236
Richard A. Walensunder	150 W. Jefferson, Ste. 2500 Detroit, MI 48226
Rt. Rev. R. Stewart Wood, Jr.	4800 Woodward Ave. Detroit, MI 48201

ARTICLE VI

The term of the Corporation's existence is perpetual.

ARTICLE VII

1. No part of the net earnings of the Corporation shall be distributed to, or inure to the benefit of, any Director or Officer of the Corporation, contributor, private shareholder or individual as prohibited by Code Section 501(c)(3), the Michigan General Sales Tax Act or the Michigan Use Tax Act.

2. In the event of the dissolution of the Corporation, all of the Corporation's assets, real and personal, shall be distributed to such charitable organization or organizations as are described in Code Section 501(c)(3) and are exempt from Federal income tax under Code Section 501(a), as the Board of Trustees of the Corporation shall determine. Any such assets not so disposed of, for whatever reason, shall be disposed of by the order of the Circuit Court for the County of Wayne to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for charitable purposes.

3. In the event the Corporation is determined to be a "private foundation," as that term is defined in Code Section 509(a), then for the purpose of complying with the requirements of Code Section 508(e), for all taxable years commencing on or after the date on which these articles were filed, the Corporation shall:

a. Distribute its income and such part of its capital as may be required by law for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Code Section 4942;

b. Not engage in any act of self-dealing as defined in Code Section 4941;

c. Not retain any excess business holdings as defined in Code Section 4943;

d. Not make any investments in such manner as to subject it to tax under Code Section 4944; and

e. Not make any taxable expenditures as defined in Code Section 4945.

ARTICLE VIII

1. The term "Volunteer Director" shall have the same definition as set forth in Section 110(2) of the Act, as the same presently exists or may hereafter be amended.

2. To the fullest extent permitted under Section 209(c) of the Act as the same presently exists or may hereafter be amended, a Volunteer Director of the Corporation shall not be personally liable to the Corporation or its members (if any) for monetary damages for breach of the Volunteer Director's fiduciary duty. However, this provision does not eliminate or limit the liability of a Volunteer Director for any of the following:

(a) a breach of the Volunteer Director's duty of loyalty to the Corporation or its members (if any);

(b) acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;

(c) a violation of Section 551(1) of the Act;

(d) a transaction from which the Volunteer Director derived an improper personal benefit;

(e) an act or omission occurring before the date that this Article becomes effective in accordance with the pertinent provisions of the Act; or

(f) an act or omission that is grossly negligent.

Any Volunteer Director of the Corporation shall only be personally liable for monetary damages for a breach of fiduciary duty as a director to the Corporation or its members to the extent set forth in this Section 2.

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3. To the fullest extent permitted under Section 209(d) of the Act, as the same presently exists or may hereafter be amended, the Corporation assumes all liability to any person other than the Corporation or its members for all acts or omissions of a Volunteer Director occurring on or after the date this Article becomes effective in accordance with the pertinent provisions of the Act, incurred in the good faith performance of the Volunteer Director's duties as such. No claim for monetary damages for a breach of a Volunteer Director's duty in any manner other than the Corporation or its members shall not be brought or maintained against Volunteer Director; but such a claim shall be brought or maintained instead against the Corporation which shall be liable for the breach of the Volunteer Director's duty. Notwithstanding anything to the contrary immediately above, this Section 3 shall apply and have force only if, and as long as, the Corporation is exempt from Federal income tax pursuant to Code Section 501(c)(3) or is eligible to be exempt from Federal income tax pursuant to Code Section 501(c)(3).

4. Any repeal, amendment or other modification of this Article shall not adversely affect any right or protection of any director of the Corporation existing at the time of such repeal, amendment or other modification. If the Act is amended, after this Article becomes effective, then the liability of directors shall be eliminated or limited to the fullest extent permitted by the Act as so amended.

IN WITNESS WHEREOF, the undersigned, the incorporators of the above-named Corporation, have hereunto signed the Articles of Incorporation on the 15th day of May, 1991.

Margaret M. Canty
Sr. Margaret Canty RSCJ

William T. Cunningham
Rev. William Cunningham

Roger De Meyere
Roger De Meyere

W. Clark Durant III
W. Clark Durant III

Eddie K. Edwards
Rev. Eddie K. Edwards

Paul Hubbard
Paul Hubbard

Judith W. Robinson
Judith W. Robinson

Michael T. Timmis
Michael T. Timmis

Nancy E. Timmis
Nancy E. Timmis

Richard M. Walawender
Richard M. Walawender

Rt. Rev. R. Stewart Wood, Jr.
Rt. Rev. R. Stewart Wood, Jr.

DOCUMENT WILL BE RETURNED TO NAME AND MAILING ADDRESS
INDICATED IN THE BOX BELOW. Include name, street and number
(or P.O. box), city, state and ZIP code.

MR. RICHARD A. WALANENDER
150 W. JEFFERSON SUITE 2500
DETROIT, MI. 48226

963-6420

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Exhibit C

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According to its latest 990 filed for 2009, New Common School Foundation "helped research, support and create a new common school for all students, supported scholarship and learning opportunities for urban children, developed partner programs to enrich the education of children, purchased facilities for the use and eventual fundraising events to assist grant making and fund development in mission areas."

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